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Our first care is your health care

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

May 2, 2003

Joan Peterson, Ph.D., Project Officer
CMS, CMSO/FCHPG/DIHS
7500 Security Blvd.
Mail Stop S2-01-16
Baltimore, Maryland 21244-1850

Dear Dr. Peterson:

Subject to legislative approval, AHCCCS is submitting a request to amend our 1115 waiver and for the expenditure authority to implement various cost sharing arrangements for the "traditional" Title XIX Medicaid population (mandatory Medicaid groups), the expansion population added by the January 2001 amendment to the 1115 waiver, enrollees in the Arizona Long Term Care System (ALTCS) and the Title XXI SCHIP and HIFA II populations.

This letter discusses the elements of the cost sharing proposal by eligibility group as well as the other program changes that the state wants to make to implement this proposal. Please see Attachment I for a summary of this narrative. Please see Attachment II for the current AHCCCS co-payments.

TRADITIONAL MEDICAID

The following Title XIX groups will be impacted by the new cost sharing arrangements. With the exception of pregnant women, the Title XIX income standards are those that were in effect prior to the approval of the expansion waiver.

- The 1931 and related groups with income at or below 36% of the federal poverty level (FPL) based on the 1992 standard of need.
- SSI Cash and related groups at or below 100% of the Federal Benefit Rate (equal to 76% of the FPL).
- Pregnant women with income up to 133% of the FPL. A State Plan Amendment has been approved that reduced the income standard from 140% of the FPL to 133% of the FPL.
- Children under age one with income at or below 140% of the FPL, age one to six with income at or below 133% of the FPL, and age six through 18 with income at or below 100% of the FPL.

Cost Sharing Proposal

- Add a new \$2 co-payment for generic and brand name prescription drugs.
- Increase the co-payment for the non-emergency use of the emergency room from \$5 to \$6.
- Add a new \$5 co-payment for non-emergency transportation.
- Add a new co-payment of \$2 for physician visits, specialist visits, laboratory services and x-ray tests.

EXPANSION POPULATION

These are individuals added by the January 2001 amendment to the 1115 waiver allowing the state to cover individuals childless adults with income up to 100% of the FPL, the Medical Expense Deduction Group who have incurred medical bills that reduce net family income to 40% or less of the FPL. and individuals with income above the income levels for traditional Medicaid categories but at or below 100% FPL

Cost Sharing Proposal

- Add a new co-payment of \$5 for generic prescription drugs and \$8 for brand name drugs.
- Increase the co-payment of \$5 to \$30 for the non-emergency use of the emergency room.
- Add a new co-payment of \$10 for non-emergency transportation.
- Add a new co-payment of \$5 for physician visits, specialist visits, laboratory services and x-ray tests.
- Allow the state to collect an initial one-time \$25 enrollment fee before an applicant is enrolled in the Title XIX program. The state is considering a \$25 enrollment fee for each certification period.
- Allow the state to collect a monthly premium. AHCCCS will provide CMS with the amount of the monthly premium after the legislature completes their deliberations about this cost sharing proposal.

ALTCS POPULATION

These are individuals with income at or below 300% of the Federal Benefit Rate (FBR) who are eligible for long term care services based on financial and medical eligibility established by the state through the 1115 waiver authority.

Cost Sharing Proposal

Individuals with income at or below 100% of FBR (traditional Medicaid) would have the same co-payments as discussed under traditional Medicaid. Individuals with income above 100% of FBR would have the same co-payments as those discussed under the expansion population.

In addition, Arizona is requesting approval to impose a monthly premium on parents that have children who are enrolled with ALTCS who live at home with the parent if the household income is above 300% of the FBR (equal to 221% of the FPL) which is the income level Arizona has elected for the ALTCS program. Because the state does not count parental income when considering eligibility for disabled children, there are households eligible for ALTCS who have income in excess of 300% of FBR.

The state is not suggesting that children who live in households with income levels higher than 300% of FBR be barred from the ALTCS program. Parental income would not be considered for purposes of eligibility and the state would continue to enroll these children. The state will consider parental income calculating the monthly premium. The state may require a monthly premium for each child or possibly by household. That detail will be decided by the state and shared with CMS in the near future.

TITLE XXI

AHCCCS is requesting permission to charge an initial one-time \$25 enrollment fee for the Title XXI population. In addition, the state will add and increase:

- Co-payments for services
- Monthly premiums

The state is working on the details for this proposal and is mindful of the 5% cap on total out-of-pocket expenses. More information will be provided in the near future.

OTHER PROGRAM CHANGES RELATED TO COST SHARING

Inability to Pay

AHCCCS wants approval to waive the "inability to pay" exemption under federal regulation and be able to require Title XIX and Title XXI enrollees to pay the CMS' approved co-payments before a Medicaid service is provided. At the very least, AHCCCS requests approval to mandate that the expansion population, SCHIP children and HIFA II parents and all ALTCS enrollees pay the required co-payments. A member's inability to pay results in a denial of services by the provider and not a discontinuance of eligibility.

Condition of Eligibility

If the ability to impose an enrollment fee or monthly premium is approved as requested in this proposal, AHCCCS is requesting clear authority to mandate that this cost sharing be paid as a condition of eligibility for Title XIX or Title XXI services.

Groups Currently Excluded from Cost Sharing

AHCCCS is requesting approval to give the state the option to make the cost sharing arrangements applicable to all individuals, including pregnant women, children and institutionalized individuals and all Title XIX and Title XXI services. At the very least, the state wants this flexibility for the expansion population and the Title XXI population.

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OTHER PROGRAM CHANGES

In addition to the cost sharing proposal, AHCCCS is requesting CMS approval that enables the state to design a more limited Title XIX service package for the expansion population. The state also wants the flexibility to make non-emergency transportation an optional service for all Title XIX and Title XXI populations, subject to legislative approval.

If you have any questions or need additional information, please contact Lynn Dunton, Assistant Director of the Office of Policy Analysis and Coordination, at (602) 417-4447.

Sincerely,

Phyllis Biedess
Director

c: Lynn Dunton

Attachments

Attachment I – Co-payments

Program	Generic Prescriptions	Brand Name Prescriptions	Non-Emergency Use of the Emergency Room	Non-Emergency Transportation	Other Services (Physician visit, Specialist, Lab, X-ray)
Traditional Medicaid: 1931-Regular, 1931-Related, SSI Cash, SSI-Related, Pregnant women and children, ALTCS	\$2	\$2	\$6	\$5	\$2
Prop 204 Expansion Groups: 1931-Expanded, SSI-Expanded, Childless Adults, and MED	\$5	\$8	\$30	\$10	\$5
HIFA II Parents	To be determined	To be determined	To be determined	To be determined	To be determined
KidsCare	To be determined	To be determined	To be determined	To be determined	To be determined

Attachment II – Current AHCCCS Co-payments

Traditional Medicaid

Service	Co-payment
Non-emergency use of the emergency room	\$5
Non-emergency surgery procedure	\$5
Doctor's office or home visit and all diagnostic and rehabilitative x-ray and laboratory services associated with the visit	\$1

KidsCare Children

Service	Co-payment
Non-emergency use of the emergency room	\$5